GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:394
ANSWERED ON:22.02.2001
RESTRUCTURING AND PRIVATISATION OF ELECTRICITY DISTRIBUTION
ASHOK NAMDEORAO MOHOL;RAJIV PRATAP RUDY;RAMSHETH THAKUR

Will the Minister of POWER be pleased to state:

(a) whether the Union Government have decided to give a major push to the restructuring and privatisation of electricity distribution network in the country;

(b) if so, the details thereof;

(c) whether opinion of State Governments has also been obtained in this matter before taking such decision;

(d) if so, the response of State Governments thereto;

(e) whether any Legislation in this regard is likely to be introduced; and

(f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (f) : The poor financial health of State Electricity Boards (SEBs) hasnecessitated reforms and restructuring of the power sector. It has been recognised that restoration of viability of the distribution sector is the key to improving the health of the power sector. The Conference of Chief Ministers/Power Ministers held in February,2000 resolved that reform must be undertaken with determination, vigour and a sense of urgency. The key elements of the reforms strategy are :

(i) Energy Audit at all levels.

(ii) Time-bound programme of 100% metering of all consumers by December, 2001.

(iii) Reduction and finally, elimination of power theft within a specified time frame.

(iv) Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as an unit on a priority basis.

It was decided that if the above was not unattainable in the existing set up, corporatization/cooperatisation/privatisation of distribution would have to be undertaken.

The State of Orissa, Haryana, Andhra Pradesh, Karnataka, UP and Rajasthan haveenacted their reform legislations and unbundled their SEBs.Delhi and Madhya Pradeshhave passed their reform laws. Orissa has privatised distribution. Andhra Pradesh, Karnataka, Rajasthan and Delhi have plans to privatise distribution. UP has invited bids for the privatisation of distribution in Kanpur.

Discussions are being held with various stakeholders on a new legislation to replace the existing electricity laws with a view to facilitating the reform process and obviating the need for the states to enact their own reform laws